Election Commission of India etc., are eligible for allotment of Government accommodation on maturity of their turn in the waiting list.

(d) Question does not arise.

**Law to regulate builders and promoters, etc.**

*320. SHRI NANA DESHMUKH: Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVIATION be pleased to state:

(a) whether Government have drafted a comprehensive legislation to license builders, promoters, structural engineers and architects to regulate the activities of all those engaged in construction work after Gujarat earthquake;

(b) whether the proposed legislation, as asserted by the Indian Building Congress would also ensure that the prospective buyers were not cheated by unscrupulous builders; and

(c) if so, by when such a legislation is likely to be enforced?

THE MINISTER OF URBAN DEVELOPMENT AND POVERTY ALLEVIATION (SHRI JAGMOHAN): (a) A Committee has been set up for drafting a comprehensive legislation to regulate and control the activities of builders, developers etc.

(b) Various aspects will be considered while drafting this Legislation.

(c) No time frame can be indicated at this stage, however, efforts are afoot to finalise it.

---

## WRITTEN ANSWERS TO UNSTARRED QUESTIONS

**Controversy over hasty sale of BALCO**

2270. SHRI PREM CHAND GUPTA: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether it is a fact that a great deal of controversy was generated due to the hasty manner in which sale of BALCO was carried out; and

(b) if so, the steps Government are taking to ensure complete transparency in the sale of other PSUs?

THE MINISTER OF STATE OF THE DEPARTMENT OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) The process of disinvestment of BALCO took about five years as per Statement and was not carried out in haste (*See* below).

(b) The Government of India is carrying out disinvestment in its public sector undertakings (PSUs) in accordance with the prescribed procedure that ensures complete transparency. The procedure is reviewed from time to time and modified with a view to accelerating the process further. At present, the following procedure is being followed:—

- Proposals for disinvestment in any PSU, based on the recommendations of the Disinvestment Commission or in accordance with the declared Disinvestment Policy of the Government, are examined by the Core Group of Secretaries on Disinvestment (CGD). Thereafter, with the recommendations of the CGD, the proposals are placed for consideration of the Cabinet Committee on Disinvestment (CCD).

- After CCD clears the disinvestment proposal, selection of the Advisors for assisting in the implementation of the disinvestment decision, is done through a competitive bidding process.

- The Advisors assist the Government in preparation and issue of advertisement in leading newspapers, for inviting Expression of Interest (EOI) from prospective strategic partners. In cases of urgency, EOI is prepared by Department of Disinvestment and issued after approval of Inter-Ministerial Group (IMG).

- After receipt of the EOI, Prospective Bidders are short-listed, based on objective screening in the light of the announced pre- qualification criteria/requirements.

- The Advisors, after due diligence of the PSU, prepare the Information Memorandum in consultation with the concerned PSU. This is given to the short-listed Prospective Bidders, who have entered into a Confidentiality Agreement.

- The draft Share Purchase Agreement or the Shareholder Agreement are also prepared by the Advisors, with the help of the Legal Advisors, and given to the Prospective Bidders for eliciting their reaction.

- The Prospective Bidders undertake due diligence of the PSU and hold discussions with the Advisors/the Government/the representatives of the PSU for any clarifications.

- Concurrently, the task of valuation of the PSU is undertaken in accordance with the standard national and international practices.

- Based on the reactions received from the Prospective Bidders, the Share Purchase Agreement and Shareholders Agreement are finalised and after vetting by the Ministry of Law, they are approved by the Government. Thereafter, they are sent to the prospective Bidders for inviting the final binding bids.

- After examination, analysis and evaluation of the bids, the recommendations of the Inter-Ministerial Group (IMG) are placed before the CGD/CCD for a final decision regarding selection of the Strategic Partner, signing of the Share Purchase or Shareholders Agreements and other ancillary issues.

- In the disinvestment process mentioned above, Department of Disinvestment is assisted at each stage by an Inter-Ministerial Group (IMG) comprising officers from the Ministry of Finance, Department of Public Enterprises, Department of Legal Affairs, Department of Company Affairs, the Administrative Ministry/Department controlling the PSU, apart from the officers of the Department of Disinvestment and the Advisors.

- After the transaction is completed, all papers and documents relating to it are turned over to the Comptroller and Auditor General of India for CAG to prepare an evaluation for sending to Parliament and releasing to the public.

**Statement**

*BALCO Disinvestment—Chronology of Events*

| EVENTS | DATES |
|---|---|
| Referred to Disinvestment Commission. | September, 1996 |
| Disinvestment Commission submitted its 2nd Report containing recommendations for 40% equity disinvestment to a strategic partner. | April, 1997 |
| Department of Economic Affairs obtained the approval of the Cabinet Committee on Economic Affairs on the appointment of Merchant Bankers/ Global Advisor to work out details and modalities of disinvestment of Govt. equity in BALCO. | 16th September, 1997 |
| An Inter-Ministerial Group (IMG) headed by the Additional Secretary & Financial Advisor, of the Ministry of Mines constituted. | 10th October, 1997 |
| Chairman, Disinvestment Commission wrote to Secretary (Mines) recommending for 51% disinvestment in BALCO. | 12th June, 1998. |
| The Core Group of Secretaries on Disinvestment Advised the IMG to finalise the selection of the Global Adviser quickly. | 13th July, 1998 |
| The IMG, after considering the bids from the interested parties, recommended M/s Jardine Fleming for appointment as Global Adviser for the disinvestment in BALCO. | 3rd August, 1998 |
| The Core Group of Secretaries on Disinvestment approved the appointment of the Global Adviser. | 4th September, 1998 |
| The employees/workers at Korba Plant went on a one-day strike. | 1st February, 1999 |
| Approval of the Cabinet Committee on Disinvestment for strategic sale of 51% equity in BALCO on a note moved by the Ministry of Mines. | 9th March, 1999 |

| EVENTS | DATES |
|---|---|
| BALCO Employees' Union filed a Writ Petition before Delhi High Court challenging the decision of the Government for 51% sale of equity in BALCO without first looking into the interest of the workers. | 15th April, 1999 |
| M/s Jardine Fleming appointed as Advisor. | 9th July, 1999 |
| A new IMG was constituted under the chairmanship of Secretary (Mines), with Secretaries of DPE, DEA, Company Affairs, AS&FA, Joint Secretary (Mines), Director (Finance), BALCO, and CMD, BALCO as members, to deal with the issues arising in the course of disinvestment of BALCO. | 20th July, 1999 |
| Delhi High Court disposed of the Writ Petition filed by BALCO Employees' Union stating that the relief sought is premature and with the liberty to the petitioner to approach the Court in the event of any decision adverse to the interest of the employees. | 3rd August, 1999 |
| The IMG in their first meeting decided to appoint M/s Crisil & M/s Perfect Relations as the public relations agencies. | 20th August, 1999 |
| Appointment letters were issued to M/s Crisil and M/s Perfect Relations. | October, 1999 |
| The IMG in their second meeting decided capital reduction of BALCO by 50% by way of capital restructuring of the company. | 9th December, 1999 |
| In order to dispel anxiety of the employees, the rationale of disinvestment were explained to the workers through the BALCO Samachar Newsletter. | December, 1999 |
| The IMG in their third meeting approved BALCO's proposal to appoint M/s Behre Dolbear International as Mining, Metallurgical & Environment Consultant; M/s Amarchand & Mangaldas & Suresh A. shroff as Legal Advisors; and M/s Arthur Anderson & Associates as the Firm of Chartered Accountants. | 22nd February, 2000 |

| EVENTS | DATES |
|---|---|
| BALCO appointed the above three agencies. | 24th February, 2000 |
| The Cabinet approved through express of opinion the Ministry of Mines' proposal to reduce the share capital of BALCO from Rs. 488.8 crore to Rs. 244.4 crore. This resulted in cash flow of Rs. 244.4 crore to the Government in the FY 1999-2000. | 3rd March, 2000 |
| Capital Restructuring of BALCO completed. | March, 2000 |
| The IMG in their 4th meeting considered various issues for finalisation of the draft agreement with M/s Jardine Fleming. | 29th May, 2000 |
| Meeting of CMD, BALCO with the Union leaders. | May, 2000 |
| Advertisements were issued in The Economic Times, Business Standard and Financial Express seeking Expression of Interest (EOI) from the prospective bidders by the 30th of June, 2000. | June, 2000 |
| The IMG in their 5th meeting considered the presentation made by the Jardine Fleming on the Expression of Interest (EOI) shown by various bidders. The IMG accepted the EOI of six out of eight parties. | 12th July, 2000 |
| Minister for Disinvestment wrote to the Chief Minister of Madhya Pradesh intimating that proposed disinvestment in BALCO is as per the declared policy and the interest of the workers will be protected. | 31st July, 2000 |
| The IMG in their 6th meeting considered the first draft of the Shareholders' Agreement (SHA) and the Share Purchase Agreement (SPA) followed by several rounds of discussions. | 16th August, 2000 |
| The IMG in their 7th meeting finalised the draft SHA & SPA for obtaining the comments of the bidders. Meeting of the Secretary (Mines) and Secretary (Disinvestment) with the Officers Association and the | 15th September, 2000 |

| EVENTS | DATES |
|---|---|
| labour unions at Korba to consider their demands and for allaying their fears and apprehensions about disinvestment. | |
| Due diligence by the bidders at Korba. | November, 2000 |
| The IMG in their 8th meeting considered the draft Guarantee Agreement, comments of the bidders, the changes suggested by the bidders in the representations and warrantees and also decided to continue the public relation agencies. The SHA and SPA were finalised after considering the comments of the bidders. | 11th January, 2001 |
| The IMG in their 9th meeting further deliberated on the draft SHA & SPA and finalised them. | 25th January, 2001 |
| Based on the recommendations of IMG and CGD, the Cabinet Committee on Disinvestment confirmed 51% disinvestment of BALCO in favour of strategic partner, approved the draft Share Holders Agreement and the Share Purchase Agreement for sending these to the prospective bidders and considered a note on protection guaranteed to the employees. | 1st February, 2001 |
| Meeting with the Union leaders of the Employees Associations where the salient features of BALCO disinvestment and the provisions to protect the interest of the employees were explained by CMD, BALCO, Joint Secretary (Mines) and Joint Secretary (Disinvestment). | 14th February, 2001 |
| Constitution of the Evaluation Committee headed by the Additional Secretary (Mines). | 15th February, 2001 |
| Financial bids invited from the bidders. | By 16th February, 2001 |
| The IMG recommended to the CCD for continuation of BALCO's office at the SCOPE complex. The IMG also endorsed the recommendation of the Evaluation | 19th February, 2001 |

| EVENTS | DATES |
|---|---|
| Committee set up under the Chairmanship of Additional Secretary (Mines). | |
| The Core Group of Secretaries recommended acceptance of financial bid of M/s Sterlite and also the issues like continuation of BALCO's office in the SCOPE building etc. | 20th February, 2001 |
| The Cabinet Committee on Disinvestment accepted transfer of 51% share in BALCO in favour of M/s Sterlite Industries (India) Ltd. for Rs. 551.50 crore. | 21st February, 2001 |
| Secretary (Disinvestment) wrote to Secretary (Commerce & Industry, Government of Chhattisgarh) informing about the decision of disinvestment in BALCO. | 21st February, 2001 |
| Secretary (Mines) wrote to Chief Secretary, Chhattisgarh informing about decision of BALCO disinvestment and requesting him to keep a watch on the situation. | 22nd February, 2001 |
| Two Writ Petitions in Delhi High Court and one Writ Petition in Chhattisgarh High Court filed against BALCO disinvestment. | 23rd February, 2001, 24th February, 2001 and 26th February, 2001 |
| Disinvestment in BALCO discussed in the Rajya Sabha in response to a "Calling Attention Motion". | 27th February, 2001 |
| Disinvestment in BALCO discussed in the Lok Sabha followed by Division vote. | 1st March, 2001 |
| Transfer Petition filed by Department of Disinvestment before the Supreme Court. | 1st March, 2001 |
| Share Holders Agreement and Share Purchase Agreement signed and sale price received by the Government Transaction completed. | 2nd March, 2001 |

| EVENTS | DATES |
|---|---|
| Order of the Supreme Court transferring the three petitions from Delhi and Chhattisgarh High Courts to the Supreme Court. | 2nd March, 2001 |
| BALCO workers proceeded on strike. | 3rd March, 2001 |
| Union of India filed a petition before the Supreme Court seeking direction to State Government to take steps to end the workers' strike. Supreme Court issued directions to the State Government to give full protection to the workers interested to work, their families and management so that they do not suffer physical harm. | 7th March, 2001 |
| Shri Kapil Sibal, who represented the State Government made a statement in the Supreme Court stating that the State will protect the workers and management. | 12th March, 2001 |
| The Minister of State for Disinvestment wrote to the Chief Minister of Chhattisgarh explaining the rationale of disinvestment in BALCO. | 12th March, 2001 |
| Secretary (Disinvestment) wrote to the Chief Secretary of Chhattisgarh explaining the rationale of disinvestment in BALCO and seeking cooperation of the State Government with the new management of BALCO. | 13th March, 2001 |
| Show Cause notices issued by SDM, Korba were heard. Secretary (Disinvestment) was represented. The relevant records were sought from the court and four weeks time sought for reply. | 15th March, 2001 |
| Transfer petition heard in the Supreme Court. Matter referred to a 3-judge bench. | 9th April, 2001 |
| Minister for Mines wrote to the Chief Minister of Chhattisgarh seeking his cooperation in ending the BALCO strike. | |

| EVENTS | DATES |
|---|---|
| Secretary (Disinvestment) replied to SDM, Korba with reference to the Show Cause Notice. | 18th April, 2001 |
| Union of India (DoD) filed three counter affidavits in the Supreme Court with reference to the three writ petitions. | 23rd April, 2001 |
| Three-judge bench of the Supreme Court heard the BALCO case. The court expressed the hope that the BALCO plant will resume functioning soon. The management agreed to pay two months salary to the workers as advance. | 1st May, 2001 |
| Supreme Court hear the BALCO disinvestment case. | 8th May, 2001 |
| Memorandum of Understanding signed between the management and the workers. | 8th May, 2001 |
| BALCO workers strike called off. | 9th May, 2001 |
| Meetings of the Inter-Ministerial Group (IMG) held. | 3.8.98; 20.8.99; 9.12.99; 22.2.2000; 29.5.2000; 12.7.2000; 16.8.2000; 15.9.2000; 11.1.2001; 25.1.2001; 19.2.2001. |
| Hearing of BALCO disinvestment case to start in Supreme Court. | From 28.8.2001. |

**Blacklisting of Videocon from bidding for IA**

2271. SHRI PRAFUL PATEL:
SHRI SANJAY NIRUPAM:

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether Videocon has been blacklisted from bidding for Indian Airlines on the basis of a SEBI report; and

(b) if so, the reasons why Hindustan Lever Ltd., which was also convicted by SEBI, allowed to bid for and subsequently to take over Modern Food last year?